



VERMILION

SUPPLY CHAIN CODE OF ETHICS POLICY



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CODE OF ETHICAL BUSINESS

INTRODUCTION

Vermilion's success is established on a foundation of personal and professional integrity and commitment to excellence. As a company and as individuals, we must conduct our business to the highest standards of honesty, integrity and ethical behavior. This Code of Ethical Business (the "Code") embodies the commitment of Vermilion and its subsidiaries to conduct our business in accordance with all applicable laws, rules and regulations and the highest ethical standards throughout our worldwide organization. This Code has been adopted by Vermilion's Board of Directors and applies to every Vermilion Group employee.

In addition to this Code, every employee and director must also read and comply with the Vermilion Anti-Corruption & Anti-Bribery Policy and Human Rights Policy in addition to the policies of his or her particular business unit applicable to such employee or director.

All Vermilion employees and directors are accountable for adhering to this Code and the highest ethical standards. You are responsible for reporting behavior that violates this Code.

Failure to observe this Code may subject you to disciplinary action by Vermilion, up to and including termination. Furthermore, violations of this Code may also be violations of the law and may result in civil or criminal penalties for you, your supervisors and/or Vermilion.

COMPLIANCE & REPORTING

DUTY TO REPORT

Vermilion expects employees and directors to take all responsible steps to prevent a violation of this Code, to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary.

The Vermilion Code of Ethical Business and Anti-Corruption & Anti-Bribery Policy provides a framework to ensure that suspected violations of this Code are reported to appropriate levels of management and the Board of Directors of Vermilion.

Elements of this framework are summarized in this Code.

As a general guideline, if you have any questions regarding the best course of action in particular situation, or if you suspect a possible violation of a law, regulation or this Code, you should address the matter promptly with local management. Reporting concerns to local management is often the most effective way to promote an open and positive work environment.

If reporting a concern or complaint to local management is not possible or advisable for some reason or if taking it to local management does not resolve the matter, you should promptly contact the General Counsel, or any Vermilion in-house legal counsel or report the matter through the Compliance Hotline.

FORMAL REPORTING CHANNELS

Vermilion has established the following Formal Reporting Channels for employees to report suspected violations of this Code. Concerns or complaints may be reported to:

- To the General Counsel or any Vermilion in-house legal counsel, in person or by telephone through the contact information posted on the Vermilion Intranet;
- Through the Compliance Hotline, described in further detail below, which may be contacted by following the instructions set out on Appendix A to this Code and posted on Vermilion's Intranet;
- In the case of matters regarding accounting, internal accounting controls and other auditing matters, in addition to the General Counsel, any Vermilion in-house legal counsel and the Compliance Hotline, to the Audit Committee, through the Procedures for Reporting Auditing, Internal Accounting Controls and Audit Related Complaints, which are posted on Vermilion's website at www.VermilionLLC.com and on the Vermilion Intranet; or
- In the case of matters involving the Chief Executive Officer or any other senior executive or financial officer of Vermilion, in addition to the General Counsel, any Vermilion in-house legal counsel and the Compliance Hotline, to the Chairman of the Board or any other member of the Board of Directors, through the procedures posted on the Vermilion Intranet

FORMAL REPORTING CHANNELS

MANDATORY USE OF

Suspected Code violations that involve any of the following matters must be reported through a Formal Reporting Channel:

- an alleged misstatement in Vermilion's publicly released financial statements;

- an alleged misrepresentation in Vermilion's other public disclosure;
- any other matter that could reasonably be expected to result in a restatement of Vermilion's publicly released financial statements;
- alleged bribery of a government official or other alleged violation of anti-corruption laws;
- known or suspected fraud that involves a potential cost or loss to Vermilion exceeding US\$10,000;
- known or suspected fraud, regardless of amount, that involves an officer of Vermilion;
- known or suspected fraud, regardless of amount, that involves an employee who has a significant role in Vermilion's internal controls; or
- an event or series of events indicative of a deterioration in the overall internal control environment at a Vermilion mine site, project development site or office.

If there is any doubt as to whether a matter falls within a category set out above, one of the Formal Reporting Channels must be used.

COMPLIANCE & REPORTING

COMPLIANCE HOTLINE

If you prefer to report a suspected Code violation anonymously, or if any of the persons to whom you have reported a concern about a Code violation has not, in your view, responded appropriately, Vermilion has established a Compliance Hotline to assist you.

The Compliance Hotline is answered by an outside service provider and is available to all employees. If you require an interpreter, every reasonable effort will be made to provide you with one. The contact information for the Compliance Hotline is posted on Vermilion's Intranet and set forth on Appendix A to this Code; Appendix A is not a part of this Code.

Employees who have a significant role in Vermilion's internal controls include employees in a "position of trust" who due to their authority and/or accountability to act on behalf of Vermilion have the potential to influence the company's financial reporting and/or control environment. A listing of employees who are in a position of trust may be obtained on the Vermilion Intranet or from the human resources department.

HANDLING OF REPORTS

The General Counsel is responsible for all reports of suspected Code violations received through a Formal Reporting Channel and will ensure that prompt and appropriate action is taken in respect of such reports.

Reports of suspected Code violations received by Mine Managers, Development Project Managers, Regional In-house Counsel and Regional Chief Financial Officers will be reported to the General Counsel in accordance with the Code of Ethical Business/Anti-Fraud Escalation Policy. Unless otherwise directed by the General Counsel, Mine Managers, Development Project Managers, Regional In-house Counsel and Regional Chief Financial Officers are primarily responsible for all reports of suspected Code violations associated with their mine, development project or regional business unit office, as the case may be, reported to them that do not require mandatory reporting through a Formal Reporting Channel and will ensure that prompt and appropriate action is taken in respect of such reports.

The General Counsel will report to the Audit Committee of the Board of Directors on Code violations and suspected Code violations in accordance with Code of Ethical Business/Anti-Fraud Escalation Policy.

CONFIDENTIALITY & NON-RETALIATION

Every reasonable effort will be made to ensure the confidentiality of concerns about suspected Code violations, any related investigations and the identity of those providing information, to the extent consistent with the need to conduct an appropriate, fair and thorough investigation.

If you prefer to report an allegation anonymously, you must provide enough information about the incident or situation to allow Vermilion to investigate properly.

We encourage and expect you to raise possible ethical issues and will not tolerate retaliatory action against any individual for raising concerns or questions regarding ethics matters or for reporting suspected Code violations in good faith.

STANDARDS OF CONDUCT

CONFLICTS OF INTEREST

All employees and directors have an obligation to act in the best interests of Vermilion. A “conflict of interest” occurs when an individual’s private interest improperly interferes, or appears to interfere, with the interests of Vermilion. A conflict situation

can arise when an employee or director takes actions or has private interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest may cause an employee or director to make decisions based on personal gain rather than in the best interests of Vermilion.

Employees and directors should avoid conflicts of interest. In particular, you may not use or attempt to use your position at Vermilion to obtain any improper personal benefit for yourself.

Vermilion respects the right of employees and directors to take part in financial, business and other activities outside their jobs. These activities, however, must be free of conflict with your responsibilities as Vermilion employees and directors. Vermilion employees must not serve as directors or officers of, or work as employees or consultants for, a competitor or an actual or potential business partner of Vermilion without prior approval of the Chief Executive Officer or the General Counsel. Vermilion directors must not serve as directors or officers of, or otherwise be engaged with, a competitor or an actual or potential business partner of Vermilion without prior approval of the Chairman of the Board of Directors and the Chairman of the Corporate Governance and Nominating Committee of the Board of Directors.

Vermilion employees and directors must not invest in or trade in shares of a competitor or an actual or potential business partner of Vermilion where such investment or trading may appear or tend to influence business decisions or compromise independent judgment. This prohibition does not apply to shares of a publicly traded company where such investment or trading relates to less than five percent of its issued shares. However, investing or trading in Vermilion's competitors or business partners remains subject to applicable laws and regulations regarding insider trading, including prohibitions against trading when in possession of material non- public information regarding such companies, whether such information is gained in the course of employment with Vermilion or otherwise.

Vermilion employees and directors must not seek or solicit any gifts or other benefits for personal or individual use from Vermilion's actual or potential business partners or suppliers.

Employees and directors may receive modest unsolicited gifts and reasonable entertainment from Vermilion's business associates. Employees and directors (or a member of their immediate family) must not accept gifts or entertainment of a value that may appear to or tend to influence business decisions or compromise

independent judgment. Gifts of cash or cash value vouchers may not be accepted from Vermilion's business associates under any circumstances.

If a conflict of interest exists, and there is no failure of good faith on the part of the employee or director, Vermilion's policy generally will be to allow a reasonable amount of time for the employee or director to correct the situation in order to prevent undue hardship or loss.

However, all decisions in this regard will be in the discretion of the Chief Executive Officer or the General Counsel, whose primary concern in exercising such discretion will be the best interests of Vermilion

PUBLIC DISCLOSURE

Vermilion is committed to providing timely, factual and accurate disclosure of material information about Vermilion to its shareholders.. Vermilion's policy governing public disclosure is set forth in our Disclosure Policy. Employees and directors involved in the company's disclosure process are responsible for acting in furtherance of such policy, and it is important that you thoroughly understand and comply with such policy.

COMPLIANCE WITH LAWS & REGULATIONS

Vermilion is committed to compliance with all applicable laws, rules, and regulations in every jurisdiction in which it does business. All employees and directors are expected to adhere to the standards and restrictions imposed by those laws, rules and regulations. Employees and directors should educate themselves on the laws, rules and regulations that govern their work and should seek the assistance of the General Counsel or any Vermilion in-house legal counsel when necessary or appropriate.

Vermilion and its employees and directors are subject to laws and regulations regarding insider trading. Generally, UK securities laws prohibit trading in the securities (including equity securities, convertible securities, options, bonds and any stock index containing the security) of any company while in possession of material, non-public information regarding such company. This prohibition applies to Vermilion securities as well as to the securities of other companies. Vermilion has adopted an Insider Trading Policy in order to prevent improper trading in securities of Vermilion and the improper communication of undisclosed material information regarding Vermilion. It is important that you thoroughly understand and comply with such policy.

ANTI-CORRUPTION

It is Vermilion's policy that neither Vermilion nor its employees or directors shall pay, offer to pay or promise to give anything of value, directly or indirectly, to any third

party, including any government official, for the purpose of obtaining or securing any improper advantage, or improperly influencing an official act or decision, related to retaining or obtaining business or directing business to any person.

Vermilion may encounter particular pressure to make such payments in countries where extraordinary competition exists for mining opportunities and should be particularly vigilant not to be tempted by assertions that such practices are common or condoned in that country.

Examples of situations that may constitute making improper payments to third parties, including government officials, include giving gifts, paying tips or other monetary amounts not required by law, providing entertainment and sponsoring travel.

For additional guidance on such matters, you should refer to Vermilion's Anti-Bribery and Anti-Corruption Policy. If you are not certain that any conduct or proposed conduct is appropriate under such policy, you should discuss the matter promptly with the General Counsel or any Vermilion in-house legal counsel.

CORPORATE OPPORTUNITIES

You owe a duty to Vermilion to advance its legitimate interests. Employees and directors are prohibited from (a) taking for themselves personally opportunities that are discovered through the use of corporate property, information or position, unless Vermilion has already been offered the opportunity and declined it; (b) using corporate property, information or position for personal gain; and (c) competing with Vermilion.

PROTECTION & PROPER USE OF ASSETS

All employees and directors should protect Vermilion's assets and ensure their efficient use. Vermilion's assets must be protected from loss, damage, theft, misuse, and waste. Company assets include your time at work and work product, as well as Vermilion's equipment and vehicles, computers and software, trading and bank accounts, company information and Vermilion's reputation, trademarks and name. Vermilion's telephone, email, Internet and other electronic systems are primarily for business purposes. Personal communications using these systems should be kept to a minimum. Employees and directors should exercise prudence in incurring and approving business expenses, work to minimize such expenses and ensure that such expenses are reasonable and serve Vermilion's business interests.

Vermilion's Anti-Fraud Policy sets out Vermilion's expectations and requirements relating to the prohibition, recognition, reporting and investigation of suspected fraud, corruption, misappropriation and other similar irregularities.

FINANCIAL CONTROLS AND RECORDS

Vermilion's accounting and financial records must reflect in an accurate, complete and timely manner, in reasonable detail, every business transaction undertaken by our company, and must conform to applicable legal requirements and Vermilion's system of internal controls. All employees and directors who have control over Vermilion's assets and transactions are responsible for establishing and/or maintaining a system of internal controls in their area of responsibility designed to:

- (a) Prevent unauthorized, unrecorded or inaccurately recorded transactions; and
- (b) Permit the preparation of financial statements according to generally accepted accounting principles.

Mineral reserves and resources must be defined, calculated and disclosed in a manner consistent with applicable laws and regulations and Vermilion's established procedures.

CONFIDENTIALITY

Employees and directors should maintain all confidential information in strict confidence, except when disclosure is authorized by Vermilion or legally mandated. Confidential information includes, among other things, any non-public information concerning Vermilion, including its business, financial performance, results or prospects, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. Your obligation to safeguard Vermilion's confidential information continues after your employment with Vermilion ends.

The Vermilion policy on maintaining confidentiality is set forth in our Disclosure Policy.

FAIR DEALING

Vermilion expects every employee and director to act at all times with the highest degree of integrity. You should endeavor to deal fairly with Vermilion's counter-parties, suppliers, competitors and employees. No employee or director may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

EMPLOYEE HARASSMENT OR DISCRIMINATION

Vermilion is committed to fair employment practices and a workplace in which all individuals are treated with dignity and respect. We do not tolerate or condone any type of discrimination prohibited by law, by Vermilion's Human Rights Policy. Vermilion

expects that all workplace conduct will be professional and free of bias and harassment.

HUMAN RIGHTS

It is Vermilion's policy that it, and every employee and third party who provide services to it shall, at every location where Vermilion operates, respect the human rights of stakeholders and the local community.

No human rights violations by any Vermilion entity, employee or third party supplier or service provider will be tolerated. For additional guidance on such matters, you should refer to Vermilion's Human Rights Policy and its implementing procedures.

ENVIRONMENTAL SAFETY & HEALTH

Vermilion believes that sound environmental, safety, and occupational health management practices are in the best interests of its business, its employees, its shareholders and the communities in which it operates. Vermilion is committed to conducting our business in accordance with recognized industry standards and to meeting or exceeding all applicable environmental and occupational health and safety laws and regulations. Our health and safety vision is that every person will go home safe and healthy every day. Achieving this goal is the responsibility of all employees and directors.

Vermilion's safety and occupational health policy is set forth in the Vermilion Safety and Occupational Health Policy Statement, and our environmental policy is set forth in the Vermilion Environmental Policy Statement.

ANTI-MONEY LAUNDERING POLICY (AML)

It is the policy of Vermilion to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities.

That is why our transactions all comply with applicable requirements under (a) The Drug Trafficking Act of 1986, (b) The Criminal Act of 1988, (c) The Prevention of Terrorism (Temporary Provisions) Act of 1989, (d) The Criminal Justice (International Cooperation) Act of 1990, (e) The Criminal Justice Act of 1993, (f) The Anti-Terrorism Act and the Patriot Act I and II (as amended), international regulations and the Currency and Foreign Transactions Reporting Act (aka the Bank Secrecy Act of 1970) and its implemented regulations.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to

have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the *placement* stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. At the *layering* stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. Then, at the *integration* stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

Terrorist financing may not involve the proceeds of criminal conduct but rather the practice attempts to conceal either the origin of the funds or their intended use, which *could* be for criminal purposes. Legitimate sources of funds are a key difference between terrorist financiers and traditional criminal organizations. In addition to charitable donations, legitimate sources include foreign government sponsors, business ownership and personal employment. Although the motivation differs between traditional money launderers and terrorist financiers, the actual methods used to fund terrorist operations can be the same as or similar to methods used by other criminals to launder funds. Funding for terrorist attacks does not always require large sums of money and the associated transactions may not be complex.

Our AML policies, procedures and internal controls are designed to ensure compliance with all applicable Patriot Act, BSA regulations, FINRA rules, and international regulations. We review and update our AML policies on a regular basis to ensure that appropriate policies, procedures and internal controls are in place to account for both changes in regulations and changes in our business.

WAIVERS OF THIS CODE

From time to time, Vermilion may waive certain provisions of this Code. The term "waiver" means the approval by Vermilion of a material departure from a provision of this Code. Waivers generally may be granted only by the General Counsel or the Chief Executive Officer, and shall be reported to the Board of Directors or a Committee of the Board. However, any waiver of the provisions of this Code for directors and executive officers, including the Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer, may be made only by the Board of Directors or a Committee of the Board and will be disclosed to shareholders as required by applicable rules and regulations.

CONTRIBUTORS

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